



NUCLEAR REGULATORY COMMISSION

[NRC-2012-0319]

**In the Matter of
South Mississippi Electric
Power Association, System
Energy Resources, Inc.**

**Grand Gulf Nuclear Station
Units No. 1**

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**Docket No. 50-416
License No. NPF-29**

**Order Approving Direct and Indirect Transfers of License and
Approving Conforming Amendment**

I.

South Mississippi Electric Power Association, System Energy Resources, Inc. (SERI), Entergy Mississippi, Inc. (EMI), and Entergy Operations, Inc. (EOI) (the licensees), are co-holders of Facility Operating License No. NPF-29. South Mississippi Electric Power Association and SERI are the owners and EOI is authorized to possess, use, and operate Grand Gulf Nuclear Station, Unit No. 1 (GGNS). The EMI has anti-trust responsibilities imposed in the license. The GGNS is located in Claiborne County, Mississippi.

II.

By application dated September 27, 2012, as supplemented by letters dated January 29 and April 16, 2013, EOI requested on behalf of itself, SERI, and their parent companies (together, the applicants), pursuant to § 50.80 of Title 10 of the *Code of Federal Regulations* (10 CFR), that the U.S. Nuclear Regulatory Commission (NRC) consent to certain license transfers to permit the direct transfer of GGNS, and associated Independent Spent Fuel Storage Installation, to a new limited liability company, System Energy Resource, LLC (SERL). The applicants also requested approval of a conforming license amendment that would replace references to SERI in the license with references to SERL to reflect the transfer of ownership. The EMI has anti-trust responsibilities in the license and the application requested references to EMI in the license be replaced with the new limited liability company, Entergy Mississippi, LLC (EML). In addition, the applicants requested the NRC's consent to approve associated indirect license transfers to the extent such would be affected by the formation of a new intermediary holding company. Entergy Corporation (Entergy) will remain as the ultimate parent company, but a new intermediate company, Entergy Utilities Holdings, LLC, a Delaware limited liability company, will be created, which will be the direct parent company of SERL, EML, and EOI. Ultimately, SERL and South Mississippi Electric Power Association will acquire ownership of the facility and EOI will remain responsible for the operation and maintenance of GGNS. The license transfers are necessary to support a proposed separation of the Entergy transmission system in Arkansas, Louisiana, Mississippi, Missouri, and Texas. Currently, the utility operating

company subsidiaries of Entergy (e.g. EMI) own the transmission assets. Following the proposed transactions, each of the Entergy subsidiaries will become a new limited liability company with the same assets except that the transmission assets will be owned by ITC Holdings Corp. and operated by Midwest Independent Transmission System Operator, Inc.

No physical changes to the facilities or operational changes are being proposed in the application. The interconnections that provide offsite power to GGNS do not change as a result of the proposed direct and indirect license transfers.

Approval of the direct and indirect transfers of the facility operating license was requested by EOI, acting on behalf of SERI, as well as their parent companies and itself. A notice entitled, "Consideration of Approval of Application Regarding Proposed Creation of a Holding Company and Transfer of Facility Operating License and Conforming Amendment and Opportunity for a Hearing," was published in the *Federal Register* on January 3, 2013 (78 FR 325). No comments or hearing requests were received.

Under 10 CFR 50.80, no license, or any right thereunder, shall be transferred, directly or indirectly, through transfer of control of the license, unless the NRC shall give its consent in writing. Upon review of the information in the licensees' application, and other information before the Commission, the NRC staff has determined that the proposed indirect license transfer of control of the subject license held by the licensees to the extent such will result from the proposed formation of the intermediary holding company in conjunction with the planned direct transfer of SERI to SERL, and EMI to EML, to the extent affected in order to support transfer of the Entergy transmission assets as described in the application, is otherwise consistent with the applicable provisions of law, regulations, and orders issued by the NRC, pursuant thereto, subject to the conditions set forth below. The NRC staff has further found that the application for the proposed license amendment complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations set forth in 10 CFR Chapter I; the facilities will operate in conformity with the application, the provisions of the Act and the rules and regulations of the Commission; there is reasonable assurance that the activities authorized by the proposed license amendment can be conducted without endangering the health and safety of the public and that such activities will be conducted in compliance with the Commission's regulations; the issuance of the proposed license amendment will not be inimical to the common defense and security or to the health and safety of the public; and the issuance of the proposed amendment will be in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable

requirements have been satisfied. The findings set forth above are supported by a safety evaluation dated the same day as this Order.

III.

Accordingly, pursuant to Sections 161b, 161i, 161o, and 184 of the Atomic Energy Act of 1954, as amended, 42 U.S.C. 2201(b), 2201(i), 2201(o), and 2234; and 10 CFR 50.80, IT IS HEREBY ORDERED that the application regarding the indirect and direct license transfers related to the proposed corporate restructuring in connection with the separation of the Entergy transmission systems is approved, subject to the following conditions:

1. Before completion of the proposed transaction, EOI shall provide the Director of the Office of Nuclear Reactor Regulation satisfactory documentary evidence that SERL has obtained the appropriate amount of insurance required of the licensees under 10 CFR Part 140 of the Commission's regulations.

IT IS FURTHER ORDERED that consistent with 10 CFR 2.1315(b), the license amendment that makes a change, as indicated in Enclosure 5 to the cover letter forwarding this Order (Agencywide Documents Access and Management System (ADAMS) Accession No. ML13077A237), to reflect the subject direct transfer, is approved. The amendment shall be issued and made effective at the time the proposed direct transfer action is completed.

IT IS FURTHER ORDERED that after receipt of all required regulatory approvals of the proposed direct transfer action, EOI shall inform the Director of the Office of Nuclear Reactor Regulation in writing of such receipt, and of the date of closing, no later than 1 business day before the closing of the direct transfer. Should the proposed direct transfer not be completed within 1 year of this Order's date of issuance, this Order shall become null and void, provided, however, upon written application and good cause shown, such date may be extended by Order.

This Order is effective upon issuance.

For further details with respect to this Order, see the initial application dated September 27, 2012 (ADAMS Accession No. ML12275A013), as supplemented by letters dated January 29 and April 16, 2013 (ADAMS Accession Nos. ML13030A204 and ML13107A010, respectively),

and the safety evaluation dated the same date as this Order (ADAMS Accession No. ML13077A237), which are available for public inspection at the Commission's Public Document Room (PDR), located at One White Flint North, Public File Area 01 F21, 11555 Rockville Pike (first floor), Rockville, Maryland 20852. Publicly available documents created or received at the NRC are accessible electronically through ADAMS in the NRC Library at <http://www.nrc.gov/reading-rm/adams.html>. Persons who do not have access to ADAMS or who encounter problems in accessing the documents located in ADAMS, should contact the NRC PDR reference staff by telephone at 1-800-397-4209, or 301-415-4737, or by e-mail to PDR.Resource@nrc.gov.

Dated at Rockville, Maryland this 3rd day of May 2013.

For The Nuclear Regulatory Commission.

Eric J. Leeds, Director,
Office of Nuclear Reactor Regulation.